

VZCZCXRO9866

RR RUEHAG RUEHAST RUEHDA RUEHDBU RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA
RUEHLN RUEHLZ RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHSK #0349/01 1171846
ZNR UUUUU ZZH
R 271846Z APR 07
FM AMEMBASSY MINSK
TO RUEHC/SECSTATE WASHDC 5947
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUEHVEN/USMISSION USOSCE 1537
RUEHBS/USEU BRUSSELS
RHMFISS/HQ USEUCOM VAIHINGEN GE
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK

UNCLAS SECTION 01 OF 02 MINSK 000349

SIPDIS

SENSITIVE

SIPDIS

KYIV ALSO FOR USAID

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [PHUM](#) [BO](#)

SUBJECT: LUKASHENKO'S ANNUAL SPEECH FOCUSES ON
ECONOMIC AND ENERGY INDEPENDENCE

Summary

1. (U) In his annual address to the Belarusian parliament, President Lukashenko announced plans to prevent future energy crises, which include diversifying Belarus' energy supplies, building a nuclear power plant, and encouraging Belarusians to be thrifter. Naming China as Belarus' number one international ally, Lukashenko called for a multi-faceted foreign policy, including normalized relations with Russia, the EU and the U.S. and closer cooperation with CIS and Non-Aligned Movement nations. End summary.

Belarus Must Diversify Energy Resources

2. (U) In his annual address to the National Assembly and Belarusian people on April 24, President Aleksandr Lukashenko stated that Belarus must diversify its energy resources in order to prevent future energy crises. The president announced that Belarus will continue to purchase energy supplies from Russia but will look into developing oil production and refining projects with countries that have significant energy deposits such as Iran and Venezuela. Additionally, Lukashenko presented plans to create a state oil exporting company, modeled after the state potash company Belaruskaly, which ostensibly would eliminate intermediary retailers, increase state profits, and improve domestic oil refineries' system of buying and selling of oil products.

Nuclear Power Plant Construction a Certainty for Belarus

3. (U) Lukashenko reaffirmed Belarus' plans to build a nuclear power plant. While not ruling out Russia as the possible builder, Lukashenko explained that Belarus will hold an open international competition to select the safest, yet cheapest bid proposal to construct the nuclear power plant. He ridiculed the EU's strategy of offering assistance in the energy sector in exchange for democratization and warned the opposition not to capitalize on the GOB's decision to build a nuclear power plant to gain political ground.

Belarusians Need to be More Economical

4. (U) Noting that Belarus is not a rich country,

Lukashenko implored Belarusians and Belarusian companies to adopt the "principle of frugality" to facilitate economic growth. He mandated that Belarus must cut its energy consumption by six or seven percent in 2007 and by 50 percent by 2015. The president also suggested creating energy servicing companies to monitor energy consumption and develop energy saving programs.

15. (U) Lukashenko warned existing Belarusian oil companies that they will have to carry some of the burden for the high export duties on foreign oil and should not expect to be reimbursed from the state budget. Since he plans to significantly decrease state subsidies to businesses, Lukashenko also told entrepreneurs to find ways to lower costs and become more economical.

Belarus Must Pursue a Multi-Faceted Foreign Policy

16. (U) Lukashenko announced Belarus' plans to pursue a multi-faceted foreign policy. He named China as Belarus' number one international ally, praising the strong economic and investment ties between the two countries and the almost one billion dollars of bilateral trade in 2006. Lukashenko discussed cooperating with Ukraine to develop secure reliable energy supply routes, launching joint projects in several spheres with Azerbaijan, and increasing cooperation with Kazakhstan and Non-Aligned Movement member nations. He also noted that Belarus is interested in developing normal, mutually-beneficial relations with the U.S. and EU but warned that "Belarus would not be dictated to."

17. (U) While asserting that Belarus must exert every effort to maintain its independence, Lukashenko also called for

MINSK 00000349 002 OF 002

the normalization of relations with Russia. He conceded that the gas and oil crisis had hindered the development of a Belarusian-Russian Union State, but he urged both countries to seek compromise and rid themselves of ambitions and distrust.

Independent Media Should Abide By Regulations

18. (U) During a brief question and answer session, a deputy asked Lukashenko about the future of independent media in Belarus. The president stressed that he does not oppose the existence of independent "opposition" media, so long as they are "fair and just in their reporting" and operate within the framework of existing Belarusian law. He warned that any paper that knowingly prints false or unverified information would not be allowed to publish in Belarus.

Comment

19. (SBU) Lukashenko's strong emphasis on diversifying the country's energy resources, constructing a nuclear power plant and strengthening relations with oil rich countries underscores his determination to minimize Belarus' dependence on Russian energy. Lukashenko's renewed calls for normal relations with Russia and a multi-faceted foreign policy may indicate his growing realization that Belarus cannot survive in isolation.

STEWART